



Question: 1/3**STUDY GROUP 3 – CONTRIBUTION 3****Source:** Japan**Title:** Further study on the settlement rates terminating on mobile networks

1 Introduction

In the last study period from 2001 to 2004, Study Group 3 studied and discussed the mobile termination rates and succeeded in revising Recommendations D.140 and D.93 with respect to applying cost-oriented principles to the mobile termination rates.

Recommendation D.140, containing the general settlement rate principles for international telephone services and originally drafted for fixed telecommunications services, was revised for application to mobile telecommunications services as well. Recommendation D.93, which sets forth the general charging and accounting principles in the international land mobile telephone service, states that if there is a difference between the settlement rates terminating at fixed and mobile networks, it should be as small as possible and it should be no greater than the corresponding difference between the interconnection rates/retail rates for national calls. From the present, Study Group 3 will conduct further study of the network externality in the Rapporteur Group responsible for it.

In the last Study Group 3 meeting held in June 2003, Japan proposed that Study Group 3 should promote the study of mobile termination rates by establishing indicative target rates which can be agreed on multilaterally. In this contribution, Japan proposes developing a practical study on this subject.

2 Discussion

To realize cost-oriented international mobile termination rates, Japan considers that conducting studies on the items shown below is necessary.

As Study Group 3 is a forum dealing with international settlement principles, while respecting the policies and regulations within each country, conducting studies and understanding the peculiar situations in each country should be required in order to apply the general charging and accounting principles introduced in Recommendation D.93.

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2.1 Collection of data on mobile telecommunications and analysis of the same

2.1.1 Basic data and relevant information

As mobile telecommunications has a shorter history compared with fixed telecommunications, we are not at all sure whether we have sufficient information to understand the present situation. As the ITU has a system (World Telecommunication Indicators Database) for continuously collecting basic and effective data including each country's number of subscribers, traffic volume, penetration rate and system, Study Group 3 should analyze the data and incorporate it into invaluable information for the purpose of our practical study. Study Group 3 should also collect other information and make use of it for the purpose of our detailed analysis if so required.

2.1.2 Level of settlement rates terminating at mobile network

Study Group 3 needs to gather information on mobile termination rates in each country, for example, by using questionnaires compiled by Regional Tariff Groups, collecting data on global and regional settlement/interconnection rates, and comparing/studying the difference from a global/regional view point.

2.1.3 The methodologies for deciding the interconnection rates in each country

The charging methodology for a call terminating at a mobile network is somewhat different from that of a fixed network. For example, when a fixed-to-fixed call is made, the receiving party is normally not charged for the call. Only the originating carrier is involved for the charging. Compared with this, when we call a mobile terminal in some countries that have adopted a receiving party pay system, the charge for using the internal mobile network is paid by the mobile subscribers who receive the call.

Within each country, fixed and mobile carriers settle payments of interconnection rates. The practical interconnection rate depends on its charging methodology, and on the party that has the decision right. Furthermore, to decide the international mobile termination rate, costs for the international network provider should also be taken into account in addition to the internal interconnection rate. Accordingly, we need to understand the cost sharing structure in each country in order to facilitate fair negotiation on international mobile termination rates.

2.1.4 Policies and regulations on mobile telecommunications services

As the governmental policies and regulations, as well as the actions taken by the private sector, have become interrelated with the development of mobile telecommunications, studying the difference between each country's undertakings is useful. Additionally, we should fully utilize the information being disclosed by a country, including the cost elements where a specific cost model is applied for the calculation of interconnection rate.

3 Proposal

The international settlement rates terminating at a mobile network should be bilaterally agreed upon on a commercial basis. When the rate level is substantially different from the one established on the basis of cost-oriented principles, it would lead not only to causing difficulties in providing affordable services but hinder the development of mobile telecommunications. Therefore, we believe that Study Group 3 needs to collect accurate and effective data and information and to analyze the inputs in order to facilitate the application of the cost-oriented settlement rates.

Based on the above consideration, Japan proposes that Study Group 3 should make every effort to conduct analysis and to deepen understanding of the current situation of mobile telecommunications settlement, which is in the growing stage, and to conduct studies on the above-mentioned items concerning international mobile termination rates.